

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
THE DETROIT EDISON COMPANY for)
authority to recover implementation costs)
for its direct access program for the 12-month)
period ended December 31, 1999.)
_____)

Case No. U-12359

At the March 29, 2001 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

On March 31, 2000, The Detroit Edison Company (Detroit Edison) filed an application for authority to recover costs incurred during the 12-month period ended December 31, 1999 to implement electric restructuring and to initiate a direct access program in its service territory. Based on information submitted in support of its application, Detroit Edison sought recovery of \$21,237,548 in what it concluded were prudently incurred implementation costs.

Pursuant to due notice, prehearing conferences were held in this case on June 19 and 27, 2000 before Administrative Law Judge Barbara A. Stump (ALJ). Detroit Edison, the Commission Staff (Staff), Energy Michigan, the Association of Businesses Advocating Tariff Equity (ABATE),

Plastipak Packaging, Inc. (Plastipak), and Attorney General Jennifer M. Granholm (Attorney General) participated in the proceedings.

An evidentiary hearing was conducted on December 5, 2000. Although three witnesses testified at the hearing, the parties waived cross-examination of each. The record consists of 50 pages of transcript and three exhibits, each of which were received into evidence. Detroit Edison, ABATE, Plastipak, and the Staff filed briefs on January 12, 2001. Reply briefs were filed on January 26, 2001 by Detroit Edison and the Attorney General.

On February 5, 2001, the ALJ issued a Proposal for Decision (PFD) in which she found, among other things, that several adjustments should be made to the total cost recovery sought by Detroit Edison. Those adjustments (which were proposed by the Staff) produced a \$849,383 reduction in the utility's recoverable direct access implementation costs. As a result, the PFD recommended authorizing Detroit Edison to recover \$20,388,165 of its costs incurred during 1999, subject to all conditions (which concern the policies and procedures controlling direct access implementation cost reviews) set forth in the Commission's October 24, 2000 order in Cases Nos. U-11955 and U-11956, and its November 2, 2000 order in Case No. U-12478.

None of the parties filed exceptions to the findings and recommendations set forth in the PFD. Rather, the Staff filed a note clarifying the basis for one of its proposed adjustments that had been adopted by the ALJ, and the Attorney General submitted a document specifically indicating that she took no exception to the PFD. The Commission finds that: (1) the PFD is supported by the record and the law, (2) each of the ALJ's findings and recommendations should be adopted, and (3) Detroit Edison should be authorized to recover \$20,388,165 in incremental direct access implementation costs incurred during 1999, subject to the conditions set forth in the Commission's orders in Cases Nos. U-11955, U-11956, and U-12478. Those conditions include the deferral of

the means of cost recovery until the disposition of a stranded cost recovery mechanism is developed.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. The findings and recommendations of the PFD issued on February 5, 2001 should be adopted.

c. Detroit Edison should be authorized to recover up to \$20,388,165 of its implementation costs incurred during 1999, subject to certain conditions.

THEREFORE, IT IS ORDERED that:

A. The findings and recommendations of the Proposal for Decision, issued in this case on February 5, 2001 and attached to this order as Exhibit A, are adopted.

B. The Detroit Edison Company should be authorized to recover up to \$20,388,165 of its incremental direct access implementation costs incurred during the 12-month period ended December 31, 1999, subject to all conditions set forth in the Commission's October 24, 2000 order in Cases Nos. U-11955 and U-11956, and its November 2, 2000 order in Case No. U-12478.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of March 29, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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By its action of March 29, 2001.

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Suggested Minute:

“Adopt and issue order dated March 29, 2001 adopting the findings and recommendations of the Proposal for Decision and authorizing The Detroit Edison Company to recover up to \$20,388,165 of its direct access program implementation costs incurred during 1999, as set forth in the order.”